

Message Text

LIMITED OFFICIAL USE

PAGE 01 CAIRO 11090 051224Z
ACTION NEA-10

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 IGA-02
CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02
OPIC-03 LAB-04 SIL-01 /081 W
-----055558 051232Z /53

R 050953Z JUL 77
FM AMEMBASSY CAIRO
TO SECSTATE WASHDC 6875

LIMITED OFFICIAL USE CAIRO 11090

E.O. 11652: N/A
TAGS: EFIN ECON EG
SUBJ: IBRD OFFICIAL'S COMMENTS ON ECONOMY, PLANNING

REF: CAIRO 11009

1. IBRD'S KHALID IKRAM, IN CONVERSATION JULY 4 WITH E/C
COUNSELOR AND USAID DIRECTOR, REVIEWED PURPOSE OF CURRENT
(THROUGH JULY 20) MISSION OF WORLD BANK TEAM IN EGYPT:
A) REVIEW BANK'S PORTFOLIO OF PROJECTS; B) UPDATE INFORMATION
UNDER PREPARATION FOR IBRD GENERAL REPORT ON ECONOMY; AND
C) BEGIN DISCUSSION OF SECTORAL DETAIL, WHILE CONTINUING
MACRO-ECONOMIC DIALOGUE. TWO AREAS --AGRICULTURE AND
POPULATION POLICY -- ARE UNDERGOING PARTICULARLY CLOSE
SCRUNTINY WITH RESPECT TO BEGINNINGS OF SECTORAL ANALYSIS,
WITH BOTH PRESENTING PROBLEMS. AGRICULTURE, IKRAM NOTED,
WILL HAVE TO BE STUDIED IN BROADER CONTEXT THAT WAS ATTEMPTED
BY RECENT IBRD TEAM, DUE TO EFFECT OF GENERAL POLICIES (E.G.,
PRICING) ON THAT SECTOR; POPULARTION SURVEYS AND RECOMMENDATIONS
WILL REQUIRE DEEPTER ANALYSIS OF SOCIO-ECONOMIC FACTORS,
INFORMATION ON WHICH NOW HAPPILY IS AVAILABLE IN FORM
OF CENSUS DATA.

LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 02 CAIRO 11090 051224Z

2. IKRAM SAID, IN CONNECTION WITH GENERAL REVIEW OF
ECONOMY AND DEVELOPMENT PLANS, THAT DEPPRIMIN KAISSOUNI
WITHIN PAST TWO WEEKS HAS DESPATCHED LETTER TO BANK
REQUESTING SECOND MEETING OF CONSULTATIVE GROUP. THIS
HAS BEEN TENTATIVELY SCHEDULED FOR APRIL 1978, PROBABLY
AT PARIS. APPARENTLY THERE WILL BE NO RPT NO INTERVENING
"MINI-MEETINGS" OF CG ON SECTORAL OR OTHER QUESTIONS, AS

WAS DISCUSSED AS POSSIBILITY AT MAY 1977 CG.

3. INFORMATION GATHERED AT HIS ONE MEETING WITH MINFIN HAMED THUS FAR INDICATES TO IKRAM THAT GOE MAY BE PRESSING AGAINST IMF-SET DOMESTIC DEBT LIMIT OF LE 400 MILLION (SEE REFTEL). HE NOTED HIS IMPRESSION THAT MUCH OR MORE OF SPENDING IS INVESTMENT BY MINISTRIES WITHOUT APPROPRIATE INTERNAL GOE CLEARANCE IN MANY INSTANCES AND COMMENTED THAT LE 400 MILLION LIMIT PROBABLY WAS TOO TIGHT IN ANY CASE. SEVERE PROBLEM COULD ARISE NONETHELESS IF IMF WERE AS RESULT GOE EXCEEDING THAT TOTAL TO DECLARE GOVERNMENT IN DEFAULT OF ITS OBLIGATIONS UNDER STANDBY OBVIOUSLY WOULD BE ADVERSELY AFFECTED, AS WELL AS GODE LOAN AND IBRD PROGRAM LOAN DISBURSEMENTS. IKRAM BELIEVES, HOWEVER, IMF WILL SEEK TO AVOID SUCH DRASTIC ACTION AND NEGATIVE EFFECT.

4. THREE MEMBERS OF IBRD TEAM ARE WORKING DIRECTLY WITH MINISTRY OF PLANNING, ACCORDING IKRAM. TWO ARE ARABIC SPEAKERS AND ONE IS COMPUTER SPECIALIST ENGAGED IN REPROGRAMMING MINPLANNING ABDEL MEGUID'S EARLIER COMPUTER RUNS. ONE OF IBRD ARABIC SPEAKERS HAS TAKEN LOOK AT INDUSTRIAL SECTOR PORTION OF DRAFT FIVE YEAR PLAN, WITH WHICH ABDEL MEGUID IS DISSATISFIED, BUT EVIDENTLY A NUMBER OF POLICY AND PRIORITY QUESTIONS INVOLVING MINIDUSTRY ARE INVOLVED AND FURTHER DICUSSIONS ARE NECESSARY ON ROLE IBRD IS EXPECTED TO PLAY IN ANY REWRITE.
LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 03 CAIRO 11090 051224Z

5. IKRAM'S COMMENTS IN GENERAL ON PLANNING EFFORT SUGGEST ANEW THAT ABDEL MEGUID IN UNDER TREMENDOUS PRESSURE TO FINISH PLAN SOONEST (PARTLY BECAUSE OF HIS OFT-REPORTED DESIRE TO LEAVE FOR UN POSITION SOONEST). RESULT APPEARS TO KIRAM TO BE PUSH TO COMPLETE DOCUMENT WHICH WILL NOT RPT NOT ADDRESS HARD CHOICES INHERENT IN FIVE-YEAR DEVELOPMENT EFFORT. THOTAL INVESTMENT GOAL WILL REMAIN \$20 BILLION, THUS PROVIDING SCOPE FOR ALL MINISTRIES TO PUT FORWARD THEIR PROPOSALS AND THUS ALSO DISGUIISING CONFLICTING DEMANDS OF CONSUMPTION AND SAVINGS IN ECONOMY DURING PLAN PERIOD, WHATEVER THAT PERIOD TURNS OUT TO BE. HE EXPRESSED SOME DISQUIET ABOUT POSSIBILITY THAT SUCCESSOR TO MEGUID WOULD NOT BE IN POSITION TO DEFEND PLAN IN WAKE OF HIS DEPARTURE, ANDGOE WOULD HAVE TO MOVE BACK TO SQUAE ONE IN PUTTING TOGETHER NEW DOCUMENT. (ONE RUMOR HE HAS HEARD, HOWEVER, IS THAT KAISSOUNI WILL TAKE PORTFOLIO, NAMING DEPUTY MINISTER ONLY FOR PLANNING, ANOTHER THAT WE HAVE HEARD IS POSSIBILITY OF COMBINING AGAIN MINECON AND MINPLANNING.)

6. IBRD OFFICIAL NOTED THAT BANK'S ROLE VIS-A-VIS IMF

IN EGYPT HAS CHANGED SOMEWHAT RECENTLY. BANK INTENDS TO LEAVE QUESTIONS OF FISCAL POLICY AND BALANCE OF PAYMENTS QUESTIONS MORE TO IMF THAT HAS BEEN CASE IN PAST, CONCETRATING LARGELY IN DEVELOPMENT POLICIES AND PROJECTS. IKRAM SAID THESE TOW AREAS ARE INEXTRICABLY CONNECTED TO SOME EXTENT, OF COURSE, BUT IN INTEREST OF GREATER CONCDNTRATION IBRD WILL VISIT EGYPT NORMALLY ONLY EVERY SIX MONTHS, AS CONTRASTED TO ITS QUARTERLY TRIPS OUT IN PAST COULD OF YEARS.

7. BANK'S OVERALL STUDY OF ECONOMY IS NOW APPROACHING FINISHING STAGES. HE PROMISED EMBASSY"USAID COPY OF DRAFT REPORT FOR REVIEW WHEN AVAILABLE--- PROBABLY IN SEPTEMBER --- IN LIGHT OUR SPECIAL INTEREST DERIVING FROM LIMITED OFFICIAL USE

LIMITED OFFICIAL USE

PAGE 04 CAIRO 11090 051224Z

HUMPHREY AMENDMENT.

8. COMMENT: WE EXPECT TO BE IN TOUCH WITH KRAM AND MEMBERS OF TEAM AGAIN PRIOR TO THEIR DEPARTURE AND PLAN TO SET UP MEETING FOR ASST. ADMINISTRATOR WHEELER DURING HIS VISIT. IBRD DIRECTOR PAIJMANS HAS APPOINTMENT WITH AMBASSADOR JULY 14.
EILTS

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PERSONAL OPINION, ECONOMIC DEVELOPMENT, ECONOMIC PROGRAMS
Control Number: n/a
Copy: SINGLE
Sent Date: 05-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977CAIRO11090
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770237-1218
Format: TEL
From: CAIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770793/aaaadcvn.tel
Line Count: 144
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: b32b5171-c288-dd11-92da-001cc4696bcc
Office: ACTION NEA
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 77 CAIRO 11009
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05-Apr-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1970647
Secure: OPEN
Status: NATIVE
Subject: IBRD OFFICIAL'S COMMENTS ON ECONOMY, PLANNING
TAGS: EFIN, ECON, EG, IBRD, (IKRAM, KHALID)
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/b32b5171-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009